

Message Text

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ACTION AF-08

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C O N F I D E N T I A L CONAKRY 1428

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SUBJ: TROUBLES IN CBG BAUXITE COMPANY

1. BEGIN SUMMARY. INTERPERSONAL CONFLICT BETWEEN EXPATRIATE EXECUTIVES OF COMPAGNIE DES BAUXITES DE GUINEE (CBG) HAS ERUPTED IN A WAY TO INVOLVE SEKOU TOURE HIMSELF AND TO THREATEN WORKING RELATIONSHIPS BETWEEN GOG AND PRIVATE COMPANY SHAREHOLDERS (PRINCIPALLY ALCOA, ALCAN, MARTIN MARIETTA, PECHINEY). END SUMMARY

2. ALCAN REP GUY ARNAUD (FRENCH NATIONAL) HAS BEEN PRESIDENT OF CBG SINCE AUGUST 1975. HE RESIDES PARIS, VISITING CONAKRY ABOUT ONE WEEK PER MONTH. ARNAUD, A DRIVING EXECUTIVE DETERMINED TO REFORM COMPANY OPERATIONS AND TO BUILD UP ROLE OF CBG PRESIDENT, LOST ALL PATIENCE WITH CONAKRY OFFICE MANAGER ALEX SHIPLEY (NATURALIZED AMCIT, FORMERLY LEBANESE). ARNAUD BELIEVES SHIPLEY

DISHONEST AND INCOMPETENT. AFTER REPEATED CLASHES HE DISCHARGED HIM FROM CBG. IN ORDER SMOOTH MATTER OVER AND GET SHIPLEY OUT OF COUNTRY, PRIVATE
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SHAREHOLDERS (HALCO) PROMISED HIM A POSITION IN

PITTSBURGH. HE AGREED TO LEAVE JUNE 15.

3. APLAST MOMENT, HOWEVER, SHIPLEY MADE PERSONAL DEMARCHE TO PRESIDNT SEKOU TOURE, PRIMMIN BUAVOGUI AND MININTERIOR DIAKITE, WITH WHOM HE HAS BUILT PERSONAL

RELATIONS OVER PAST TWO YEARS, IN PART BY PROVIDING INFORMAL ADVISE ON AYEKOYE BAUXITE PROJECT. HE MAY ALSO HAVE UTILIZED INFLUENCE OF SAUDI ARABIAN CHARGE, A PERSONAL FRIEND. SHIPLEY DENOUNCED ARNAUD FOR EXTRAVAGANT EXPENDITURESKF PERSONAL EMPIRE BUILDING AND UNETHICAL CONDUCT, PROVIDING GOG WITH DOCUMENTS PURPORTING TO SUBSTANTIATE THESE CHARGES. (ARNAUD BELIEVES SHIPLEY ALSO ALLEGED THAT HALCO PARTNERS WERE DEFRAUDING GOG, ALTHOUGH SHIPLEY TOLD AMBASSADOR HIS CHARGES AFFECT ONLY ARNAUD.) SEKOU TOURE INTERVENED ON BEHALF OF SHIPLEY AND ANNOUNCED HE DID NOT HAVE TO RETURN TO PITTSBURGH, THUS OVERRULING SHIPLEY'S OWN EMPLOYERS (HE IS ON LOAN TO CBG FROM HALCO).

4. ON JULY 10 MINISTER MOUSSA DIAKITE AS CBG BOARD CHAIRMAN APPOINTED THREE-MAN AUDIT TEAM TO INVESTIGATE SHIPLEY'S CHARGES. TEAM HAS BEEN COMBING BOOKS AT KAMSAR AND CONAKRY. NEITHER ARNAUD NOR LEONARD JACOB (AMCIT, KAMSAR GENERAL MANAGER) HAS SEEN SHIPLEY'S BILL OF PARTICULARS. MOUSSA DIAKITE AND MINISTER ISMAEL TOURE HAVE TOLD ARNAUD THAT THEY KNOW SHIPLEY IS UNTRUSTWORTHY. NEVERTHELESS, THEY ARE EVASIVE ABOUT NATURE O CHARGES. THEY SUGGESTED HE SPEAK DIRECTLY WITH SEKOU TOURE. ARNAUD REQUESTED APPOINTMENT WITH TOURE WHICH HAS BEEN POSTPONED THREE TIMES IN THREE DAYS. ALTHOUGH ARNAUD HAD PLANNED RETURN PARIS JULY 15, HE HAS DELAYED DAY BY DAY WAITING TO SEE PRESIDENT IN HOPE OF REFUTING UNSPECIFIED CHARGES. INTERIOR MINISTRY WILL NOT RETURN ARNAUD'S PASSPORT ANYWAY, ON SERIES OF PRETEXTS.

5. HALCO PARTNERS (ESPECIALLY MARTIN MARIETTA), INFORMED OF INVESTIGATION BY MOUSSA DIAKITE, ARE INCREASINGLY ANXIOUS. CBG STAFF IS RENT BY INTERNAL DISPUTES AND MISCONFIDENTIAL

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TRUST, AND RUMORS FLY ABOUT TOWN. QUARTERLY HALCO MEETING IS SCHEDULED WEEK OF JULY 26 IN QUEBEC, AND ARNAUD PLANS TO ATTEND. CBG BOARD IS TO MEET MID-SEPTEMBER IN CONAKRY, ALTHOUGH MOUSSA DIAKITE HAS SAID HE MAY CONVENE AN EMERENCY ONE DAY MEETING DEPENDING UPON OUTCOME OF INVESTIGATION.

6. MEANWHILE GOG IS PUSHING MORE AGGRESSIVELY INTO

OPERATIONAL MANAGEMENT OF CBG. GOG HAS FIRED FORMER INCOMPETENT GUINEAN VICE PRESIDENT AND HAS APPOINTED AS REPLACEMENT AN EXPERIENCED ENGINEER (MAMADOU DIOP) WHO HAS OBVIOUS MANDATE TO ASSUME ACTIVE MANAGERIAL ROLE. GOG RECENTLY APPOINTED THREE SENIOR GUINEANS TO OTHER POSITIONS IN CBG WITHOUT CONSULTING ARNAUD. ON JULY 17 MOUSSA DIAKITE REQUESTED ARNAUD TO PREPARE IMMEDIATELY THREE EXECUTIVE OFFICES FOR HIM AS CHAIRMAN IN CBG BUILDING SINCE HE INTENDED EXERCISE HIS AUTHORITY MORE DIRECTLY.

7. COMMENT: ARNAUD IMPERIOUS, BRUSQUE STYLE IS ILL ADAPTED TO LOCAL SCENE. HE HAD ALREADY ALIENATED MANY GUINEANS. SHIPLEY'S CHARGES ARE EMOTIONAL AND VINDICTIVE. SHIPLEY IS CRAFTY OPPORTUNIST WHO HAS INDUSTRIOUSLY COURTED GUINEANS AND ARABS AND APPEARS TO BE SEEKING EMPLOYMENT ON LEKOYE PROJECT. JEALOUSY AMONG HALCO PARTNERS HAS LED TO LOOSE MANAGEMENT PERMITTING THE APPOINTMENT OF SUCH ILL SUITED MEN. GOG IS EXPLOITING THE DISARRAY TO DEVELOP MORE DIRECT CONTROL OVER JOINT VENTURE COMPANY, WHICH PROMISES TO AGGRAVATE PROBLEMS FOR US INVESTORS. HARROP

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